Government of Saskatchewan

Annual Report 2004-2005

Saskatchewan Learning

Saskatchewan Student Aid Fund

Saskatchewan Centennial 2005

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Copies of this report are available by contacting:

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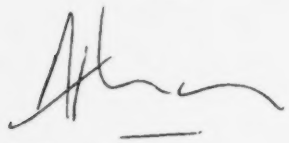
Letter of Transmittal

The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor
Province of Saskatchewan

Your Honour:

I have the honour to present the annual report of the Saskatchewan Student Aid Fund for the year ending March 31, 2005. The financial statements included in the report were prepared by the Department of Learning and audited by the Provincial Auditor of Saskatchewan.

Respectfully submitted,



Andrew Thomson
Minister of Learning

Letter of Transmittal

The Honourable Andrew Thomson
Minister of Learning

Dear Sir:

I have the honour of presenting the annual report of the Saskatchewan Student Aid Fund for the fiscal year ending March 31, 2005.

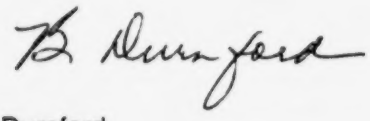
During the year under review, the program has maintained a high degree of accessibility to post-secondary programs and services and expansion of services to meet the needs of individuals and communities in Saskatchewan.

For the 2004-2005 fiscal year, just over 16,000 applications were approved, and over $131 million in student financial assistance was authorized. Other activities that occurred during the year under review include:

- The on-going implementation of the Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs;
- Implementation of the National Designation Policy Framework and Saskatchewan Designation Policy; and
- The implementation of initiatives to improve financial assistance.

I believe that the existing internal controls provide reasonable assurance that the Saskatchewan Student Aid Fund assets are safeguarded and that the financial records are reliable for preparing information and maintaining accountability for assets.

Respectfully submitted,



Bonnie Durnford
Deputy Minister
Saskatchewan Learning

Highlights of the Saskatchewan Student Aid Fund and Student Financial Assistance Branch in 2004-2005

105-06525/

- There were just over 16,000 full-time Canada-Saskatchewan Integrated Student Loans authorized by the Student Financial Assistance Branch.
- The amount of authorized assistance totalled over $71 million in Canada Student Loans and over $60 million in Saskatchewan Student Loans.
- Over $31 million in debt reduction benefits were authorized to students.
- Over $750,000 in debt management tools were provided for students having difficulty repaying their loans.
- Almost $370,000 was authorized to 72 students in Canada Part-time Student Loans.
- Over $1.9 million was provided in Canada and/or Saskatchewan Study Grants for Students with Permanent Disabilities, High Need Students with Permanent Disabilities, High Need Part-time Students, Part-time Students with Dependents, and Females Pursuing Doctoral Studies.
- Over $800,000 was paid through the Fund in other awards such as scholarships and bursaries.
- Total loans receivable were over $72 million.
- Continued implementation of the Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs through the Joint Management Committee and various working groups.
- The National Designation Policy Framework was implemented in the fall of 2004. The Saskatchewan Student Loans Designation Reference Group continued to be involved in the development of the Saskatchewan Designation Policy, which was communicated to post-secondary institutions in February 2005.

Highlighted below is a summary of the number of students and the amounts provided through student loans, debt reduction benefits, debt management tools, study grants, and other awards to financially assist students in their pursuit of post-secondary education.

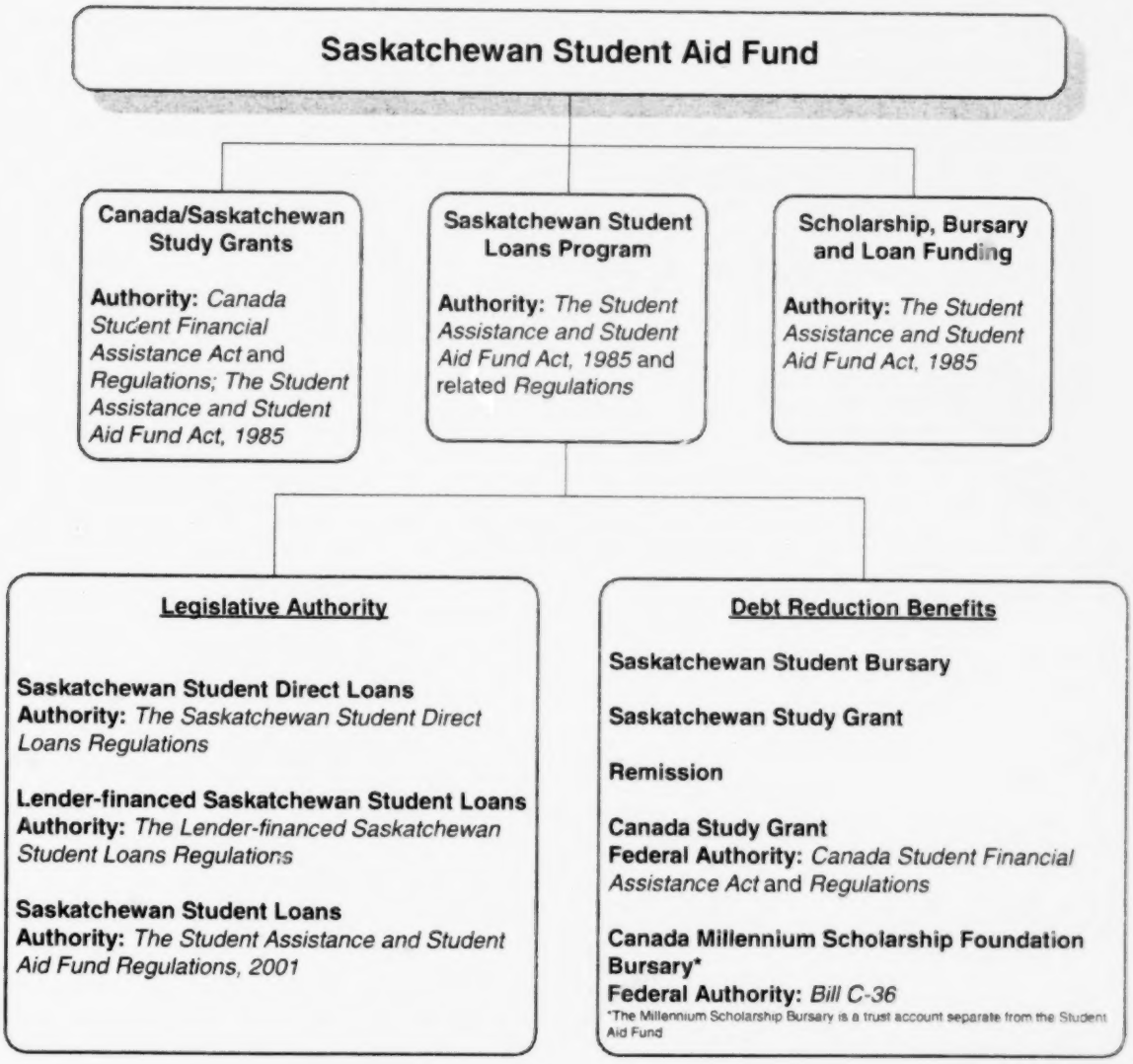
Table 1: Summary of Loans, Awards and Benefits Saskatchewan Student Assistance Program: 2004-2005		
	Number of Students	**Total Amount**
Full-time Loans		
Canada Student Loans Authorized	16,150	$71,322,970
Saskatchewan Student Loans Authorized	16,151	$60,011,226
Debt Reduction Benefits		
Saskatchewan Student Bursary	8,710	$14,417,176
Canada Study Grant for Students with Dependents	3,064	$3,912,611
Saskatchewan Study Grant for Students with Dependents	1,919	$3,815,874
Remission	70	$157,440
Loan Forgiveness	4	$4,871
Canada Millennium Scholarship Foundation Bursary	3,333	$9,303,500
Debt Management Tools		
Interest Relief	4,149	$661,539
Debt Reduction in Repayment	23	$55,150
Permanent Disability Benefit	16	$47,487
Part-time Loans		
Canada Student Loans Authorized	72	$369,165
Canada/Saskatchewan Study Grants		
Students with Permanent Disabilities	326	$1,366,827
High Need Students with Permanent Disabilities	244	$380,368
High Need Part-time Students	114	$193,381
Part-time Students with Dependents	10	$14,624
Females Pursuing Doctoral Studies	8	$32,895
Other Awards:		
Centennial Merit Scholarship	*	$503,000
French Language - Federal/Provincial Awards	329	$293,350
Queen Elizabeth II Scholarship in Parliamentary Studies	2	$20,000

*Determined by institution

The Saskatchewan Student Aid Fund

The Saskatchewan Student Aid Fund was created in 1949 by the Government of Saskatchewan to ensure that students would not be denied access to post-secondary education or training due to lack of financial resources. Since then, the Fund has assisted many thousands of individuals to attain their career goals.

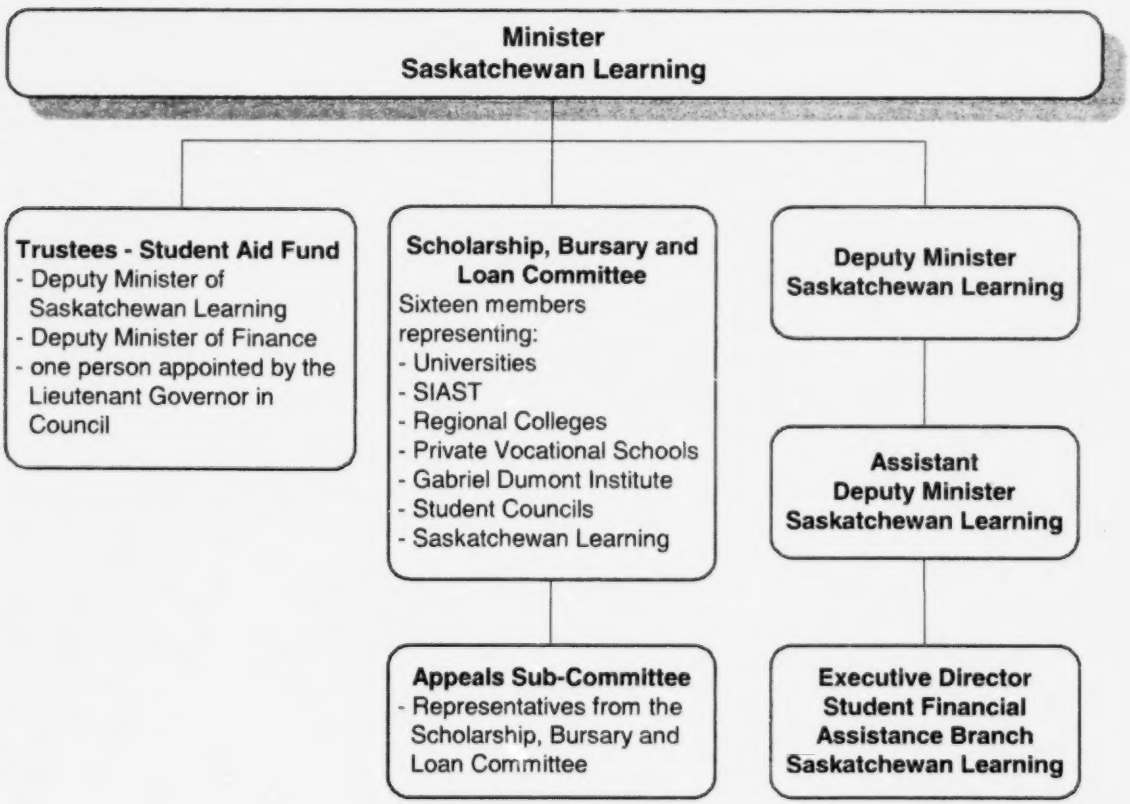
The following chart provides an overview of the programs administered through the Fund.


Saskatchewan Student Aid Fund
Canada/Saskatchewan Study Grants
Authority: Canada Student Financial Assistance Act and Regulations; The Student Assistance and Student Aid Fund Act, 1985
Saskatchewan Student Loans Program
Authority: The Student Assistance and Student Aid Fund Act, 1985 and related Regulations
Scholarship, Bursary and Loan Funding
Authority: The Student Assistance and Student Aid Fund Act, 1985
Legislative Authority
Saskatchewan Student Direct Loans
Authority: The Saskatchewan Student Direct Loans Regulations
Lender-financed Saskatchewan Student Loans
Authority: The Lender-financed Saskatchewan Student Loans Regulations
Saskatchewan Student Loans
Authority: The Student Assistance and Student Aid Fund Regulations, 2001
Debt Reduction Benefits
Saskatchewan Student Bursary
Saskatchewan Study Grant
Remission
Canada Study Grant
Federal Authority: Canada Student Financial Assistance Act and Regulations
Canada Millennium Scholarship Foundation Bursary*
Federal Authority: Bill C-36
*The Millennium Scholarship Bursary is a trust account separate from the Student Aid Fund

Organization and Administration

Authority for administration of the Saskatchewan Student Aid Fund is provided by *The Student Assistance and Student Aid Fund Act, 1985* and *Regulations*. This legislation calls for:

- Three trustees to administer the Fund;
- The Scholarship, Bursary and Loan Committee to make recommendations to the Minister; and,
- The Department over which the Minister presides to operate the Fund.



Trustees

The Trustees for the Saskatchewan Student Aid Fund were established in 1949 under *The Student Aid Fund Act.*

Activities in 2004-2005

In 2004-05, the Trustees of the Student Aid Fund were:

- Neil Yeates, Deputy Minister, Saskatchewan Learning (April 2004 to July 2004);
- Bonnie Durnford, Deputy Minister, Saskatchewan Learning (August 2004 to end of fiscal year);
- Ron Styles, Deputy Minister, Saskatchewan Finance; and
- Gillian McCreary, Assistant Deputy Minister, Saskatchewan Learning.

The Trustees held two meetings, June 24, 2004 and December 14, 2004 at which they:

- Reviewed the Fund's quarterly financial statements and activity reports and approved the Student Aid Fund operating budget for 2004-05;
- Reviewed Student Aid Fund Budget considerations for 2005-2006;
- Received an update on the policy considerations and activities of the Intergovernmental Consultative Committee on Student Financial Assistance (ICCSFA);
- Reviewed the status of the implementation of the Integrated Income Support System;
- Reviewed the implementation workplan of the National Designation Policy Framework and the progress of Saskatchewan's Designation Policy; and
- Reviewed the progress of the Canada - Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs.

Scholarship, Bursary and Loan Committee

Activities in 2004-2005

In 2004-05, the Committee held one face-to-face meeting, June 10, 2004; and six conference calls on July 30, 2004, August 23, 2004, September 16, 2004, October 5, 2004, November 25, 2004, and March 10, 2005, in which they:

- Reviewed and approved the 2004-05 Saskatchewan Student Assistance Program Administrative Guidelines;
- Received a progress report on the implementation of the National Designation Policy Framework and Saskatchewan's Designation Policy;
- Reviewed loan assessment statistics;
- Received updates on the implementation of the Integrated Income Support System;
- Discussed the Appeals Sub-Committee process and the main issues that involve appeals;
- Discussed potential changes to the Student Financial Assistance Program for 2005-06 announced in the 2004 Federal Throne Speech; and
- Discussed on-going issues of concern for students.

Appeals Sub-Committee

The Appeals Sub-Committee consists of five members of the Scholarship, Bursary and Loan Committee. The Sub-Committee reviews cases where students applying for financial assistance may have extenuating circumstances that could affect their assessments.

The Appeals Sub-Committee reviewed two appeals in 2004-05. One of the two cases was accepted and one case was denied additional assistance during this reporting period.

Minister and the Department

Authority for the Minister to make awards under the Saskatchewan Student Assistance Program is provided by *The Student Assistance and Student Aid Fund Act, 1985* and *Regulations*.

The Saskatchewan Student Assistance Program administers all federal and provincial loans, scholarships and award programs. The Student Financial Assistance Branch administers these programs on behalf of the Minister.

In 2004-05, major goals of Saskatchewan Learning were:

- Learner success;
- A seamless continuum of formal and informal learning opportunities;
- Inclusiveness for students; and
- Social and economic development.

The Student Financial Assistance Branch supported these goals through the delivery of its programs and services.

Branch Functions

The Student Financial Assistance Branch has a variety of units that assist in meeting Branch objectives. These units include the Income Support and Advisory Unit; Debt Management and Financial Services Unit; Strategic Initiatives Unit; and the Support and Operational Services Unit.

The Income Support and Advisory Unit is responsible for:

- Assessment, review, and reassessment of applications and notifications for:
  - Canada-Saskatchewan Integrated Student Loans for full-time students;
  - Canada Student Loans for part-time students; and
  - Canada/Saskatchewan Study Grants.
- Audit and verification of information provided by students to complete the assessment process.
- Information and advisory services to students, their families, educational institutions and the general public. Over 55,000 telephone inquiries on student loan issues were received and over 30 information sessions were held across the province with over 2,000 individuals attending.
- Administration of the Provincial Training Allowance.

The Debt Management and Financial Services Unit is responsible for:

- Financial accounting services for the Student Aid Fund and Provincial Training Allowance overpayments.
- Development of repayment and collection policies in partnership with the federal government.
- Management and administration of debt reduction and debt management tools.
- Management of the Refund Set-Off Program in partnership with the Canada Revenue Agency (CRA).

- Issuance of repayment documentation and collection of Saskatchewan Student Loans issued prior to August 1, 1996 and Provincial Training Allowance overpayments.

- Investigation and resolution of Interest-Free and Interest Relief issues with respect to Saskatchewan Student Loans.

- Management of the Canada Millennium Scholarship Foundation Bursary.

- Management of the Post-Secondary Graduate Tax Credit.

- Issuance of tax related slips for Saskatchewan Student Loan debt reduction measures, interest payments, and Provincial Training Allowances.

- Management of the assessment, financial and administration information technology systems including interfaces with Human Resources and Skills Development Canada, Financial Institutions and Service Providers.

- Management of testing procedures, system control, system security and system design and development.

- Business support and information management services.

- Management of computer hardware and software requirements.

The Strategic Initiatives Unit is responsible for:

- Strategic policy direction for the Student Financial Assistance Branch.

- Research, development and implementation of policy initiatives and guidelines to support student financial assistance.

- Development of communication materials for student financial assistance including the application kit and Canada-Saskatchewan Integrated Student Loans web site. In 2004-05, we responded to over 1,100 inquiries from our website.

- Management of the Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs through the Joint Management Committee and various working groups.

- Maintenance of legislation including Acts and Regulations supporting the programs.

- Designation of post-secondary institutions for student loan eligibility.

- Implementation of the National Designation Policy Framework and Saskatchewan's Designation Policy.

- Development and implementation of management information reporting.

The Support and Operational Services Unit is responsible for:

- Administrative support for Student Financial Assistance Branch senior management. This includes scheduling meetings, making travel arrangements, processing expense claims and co-ordinating mass mail-outs.

- Type, format and proofread all written material including general correspondence, briefing notes and reports submitted to senior officials and ensure all materials conform to government visual identity standards.

- Support to the Scholarship, Bursary and Loan Committee and the Trustees of the Student Aid Fund.

- Prepare third party contracts to deliver specific contract services.

- Management and administration of human resources activities related to attendance, staff training, term staffing, performance reviews, annual work plans and Human Resources strategic planning.

- Maintenance of administrative and operational files (ARMS archivist), Gemini storage requirement needs (16,000 files per year) and electronic computer files.

- Handling all administrative areas to ensure the Student Financial Assistance Branch is equipped to provide quality service to clients.

Accomplishments Based on 2004-05 Action Plan

The Student Financial Assistance Branch has achieved a number of accomplishments during this reporting year that demonstrate its commitment to high quality programs and services.

Key actions that were accomplished based on the 2004-05 action plan were as follows:

- Implementation of the Integrated Income Support System for processing of applications for income support programs including Canada-Saskatchewan Integrated Student Loans.

- Legislative changes to *The Post-Secondary Graduate Tax Credit Act* were made to enable increases in the value of the credit from $350 in 2003 to $1,000 by 2007. The amended Act received Royal Assent in June, 2004.

- Regulatory amendments completed to enable program improvements to debt management tools: *The Student Assistance and Student Aid Fund Regulations; The Saskatchewan Student Direct Loans Regulations;* and *The Lender-financed Saskatchewan Student Loans Regulations.*

- Participation in the development and implementation of a National Designation Policy Framework.

- Development and implementation of the Saskatchewan Designation Policy for Student Loans.

Other Branch accomplishments include:

- Over 16,000 applications were approved, and over $131 million in student financial assistance was authorized.

- The Refund Set-Off Program, in partnership with the Canada Revenue Agency (CRA), recovered outstanding student loans from individuals' income tax refunds totalling approximately $179,000 from student loans issued prior to August 1, 1996.

2005-06 Action Plan

Major goals of Saskatchewan Learning in 2005-06 focus on:

- Learner success;
- A seamless continuum of formal and informal learning opportunities;
- Inclusiveness for students; and
- Social and economic development.

The Student Financial Assistance Branch will implement an action plan that supports the department in responding to these goals. Specific actions will include:

- Continue to implement the Integrated Income Support System for on-line application and processing of applications for income support programs including Canada-Saskatchewan Integrated Student Loans.
- Develop program responses to recommendations from Canada-Saskatchewan Integrated Student Loans Program Formative Evaluation to inform the Summative Evaluation.
- Continue to implement the Saskatchewan Designation Policy that aligns with the National Designation Policy Framework.
- Participate and support a review of student financial assistance that will examine accessibility and affordability of post-secondary education in Saskatchewan.
- Increase the value of the Post-Secondary Graduate Tax Credit to $675, representing approximately $6,100 in the value of exempted income in 2005.

In response to the federal government announcement of enhancements to the Canada Student Loan Program for the 2005-06 loan year, provincial improvements were approved in the March 2005 Provincial Budget to coincide with the federal changes.

Provincial improvements will include the following:

- Expand the Saskatchewan Student Bursary to address high need students by increasing non-repayable provincial assistance;
- Reduce the expected parental contributions for dependent students and their families;
- Enhance the Interest Relief program by increasing the income eligibility tables by 5% to assist individuals having difficulty meeting their student loan repayment obligations; and
- Increase overall maximum assistance levels from $275 per week of study to $320 per week of study for students without dependents; and from $400 per week of study to $415 per week of study for students with dependents.

Canada-Saskatchewan Integrated Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs

The main goal of the Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs is to simplify the student loan process.

Prior to the Agreement, students received two separate loans, a Canada Student Loan and a Saskatchewan Student Loan. These loans were administered separately. Students were required to have two complete sets of forms for most processes, and were required to make two separate payments when they completed their studies.

Integration Agreement Achievements in 2004-05 included:

- The Joint Management Committee met to discuss the progress and future direction of the Integration Agreement.
- On-going discussions through seven working groups including Policy, Integrated Interest Relief, Operations, Collections, Communications, Evaluation and Performance Measures, and Financial Audit and Review.
- Policy deliberations regarding 2004 Federal Budget enhancements for the Canada Student Loan Program.
- Completion of the Formative Evaluation of the Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs.
- Development of a Collections Activity Action Plan to ensure that reporting on collections of return to government accounts meets Saskatchewan's needs.
- Development of a strategy for the prioritization of integrated student loan objectives and guidelines.
- Development of joint communication materials including revision of the 2004-2005 Program Information Guide.
- Enhancements to Service Providers on-line borrower services.
- Continued implementation of enhancements to Integrated Interest Relief.

Full-time Student Loans

Financial assistance for full-time post-secondary students is provided through the Canada-Saskatchewan Integrated Student Loans Program.

Eligibility for Assistance

The Student Financial Assistance Branch uses federal criteria to determine an applicant's eligibility for student loans. To qualify for a student loan, the student must:

- Be a Canadian citizen, permanent resident, or designated protected person;
- Be a Saskatchewan resident according to program criteria;
- Be enrolled as a full-time student;
- Be enrolled in a program of study that is at least 12 weeks in duration and leads to a degree, diploma or certificate;
- Be attending a school with designated status;
- Be in financial need according to student loan program guidelines;
- Not be in default on a previous student loan;
- Maintain a satisfactory scholastic standing;
- Be receiving assistance for less than 340 weeks of study; and
- Complete the program within the number of periods of study normally specified by the school for completion of that program, plus one additional period.

Assessing Applications

The Student Financial Assistance Branch assesses all applications to determine financial need. The applicant's financial need for assistance is calculated by subtracting the contributions expected from the student and the student's family from the educational and living costs allowed under the program.

In Saskatchewan, assistance is authorized to a student initially in the form of a Canada-Saskatchewan Integrated Student Loan. The Student Financial Assistance Branch issues a loan certificate to the student. Upon completion of the student's period of study, the student may be eligible for a number of debt reduction benefits.

In 2004-05, there were just over 16,000 applications approved and over $131 million in Canada-Saskatchewan Integrated Student Loans authorized. Of the $131 million, $71,322,970 was in federal loans and $60,011,226 was in provincial loans.

The graph below illustrates the number of Canada and Saskatchewan Full-time Student Loans authorized to assist students in their pursuit of post-secondary education.

Graph 1: Number of Authorized Loans from 2000-2001 to 2004-2005

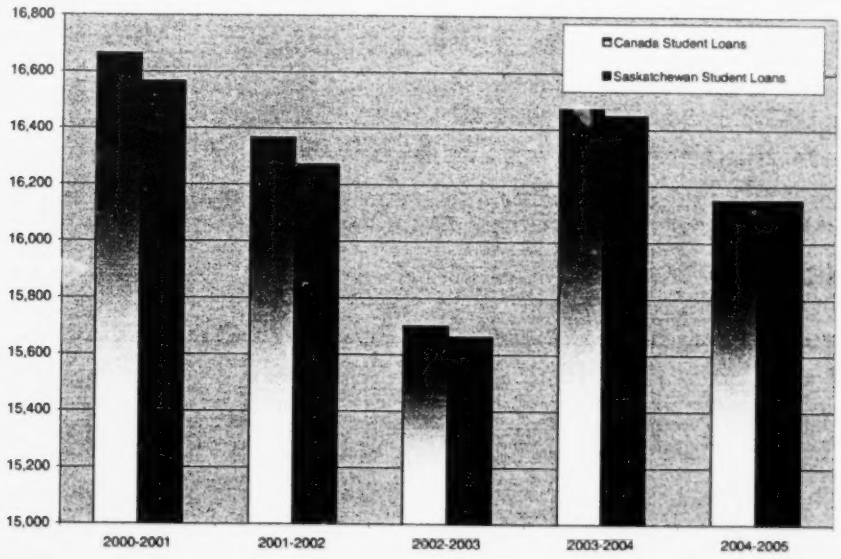


Table 2 below indicates the maximum loan assistance a student can receive for full-time study.

Table 2: Maximum Loan Assistance Available to Students in 2004-05

Student Group	Student Classification	Maximum Assistance Available	Assistance Authorized
Students <u>With</u> Dependents	Special Incentive Students • All single parents • Married students who are Non-Status Indian/Métis and/or Northerners	$400 per week of study	• CSL – covers 60% of assessed need to a maximum of $165 per week of study • SSL – covers remaining assessed need to a maximum of $235 per week of study
	Regular Students • All other married students	$400 per week of study	• CSL – covers 60% of assessed need to a maximum of $165 per week of study • SSL – covers remaining assessed need to a maximum of $235 per week of study
Students <u>Without</u> Dependents	Special Incentive Students • Students who are Non-Status Indian/Métis and/or Northerners	$385 per week of study	• CSL – covers 60% of assessed need to a maximum of $165 per week of study • SSL – covers remaining assessed need to a maximum of $220 per week of study
	Regular Students • All other students	$275 per week of study	• CSL – covers 60% of assessed need to a maximum of $165 per week of study • SSL – covers remaining assessed need to a maximum of $110 per week of study
CSL – Canada Student Loans		SSL – Saskatchewan Student Loans	

Appeals and Reviews

An appeal of assessment results may be requested by a student if additional assistance is required due to unavoidable situations, or exceptional circumstances during the pre-study and/or study period. The Appeals Sub-Committee, consisting of members of the Scholarship, Bursary and Loan Committee, is formed each year to review appeals.

A review or reassessment may be undertaken when there is a change in the information provided on the application.

Interest-Free Status

The federal and provincial governments pay the interest on student loans while the student is attending school full-time. The student is responsible for the interest on student loans from the first day of the first month after the student ceases full-time study.

The student is not responsible for interest that accrues on student loans between academic years if the break is six months or less, and appropriate documentation is submitted.

Students who are attending school, but are not receiving financial assistance, may keep any federal and provincial student loans in interest-free status during their academic periods by submitting appropriate documentation.

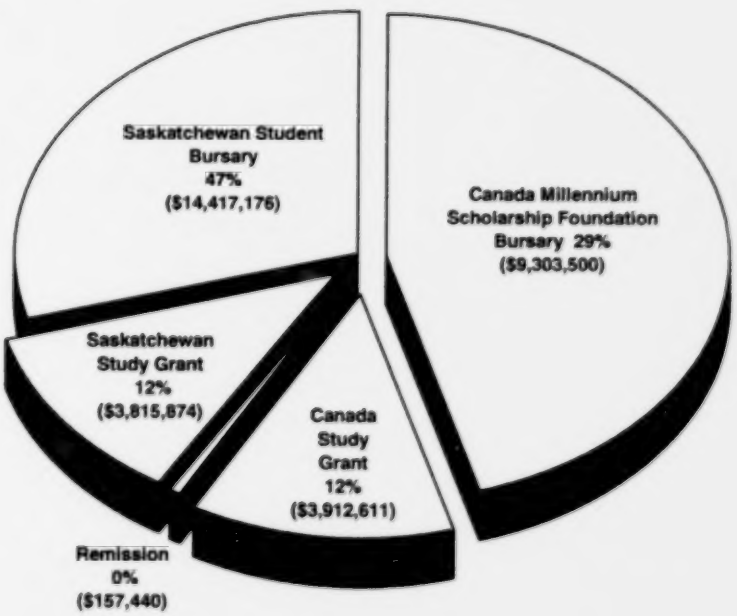
Debt Reduction Benefits

The purpose of debt reduction benefits is to help reduce the amount of loan the student will have to repay. The debt reduction benefits provided by the Student Financial Assistance Branch include the Saskatchewan Student Bursary, Canada Millennium Scholarship Foundation Bursary, Canada and Saskatchewan Study Grants for Students with Dependents and Remission. With the exception of Remission for Special Incentive Students, which must be applied for separately, all debt reduction benefits are automatically applied against the student's loan following the study period.

The benefit amount is applied first against the student's Saskatchewan loan debt and, in some cases where funds remain, it is applied to the federal loan debt. The provincial government is compensated by the federal government and the Canada Millennium Scholarship Foundation for Canada Study Grants for Students with Dependents and Canada Millennium Scholarship Foundation Bursaries respectively. In Saskatchewan, over $31 million in debt reduction benefits were issued during this reporting period.

The *Saskatchewan Student Bursary* is available to all students with loan assistance exceeding $200 per week of study for the first 170 weeks of post-secondary study. In 2004-05, there were 8,710 bursaries awarded totalling $14,417,176.

Graph 2: 2004-05 Debt Reduction Benefits (Proportion of Total Dollars Paid)


Saskatchewan Student Bursary 47% ($14,417,176)
Canada Millennium Scholarship Foundation Bursary 29% ($9,303,500)
Saskatchewan Study Grant 12% ($3,815,874)
Canada Study Grant 12% ($3,912,611)
Remission 0% ($157,440)

The *Canada Millennium Scholarship Foundation Bursary* provides between $2,000 and $4,000 annually, with a lifetime maximum of $20,000. The bursary is available to students in second and higher years of post-secondary studies, excluding graduate studies. In most cases, students will receive either the Saskatchewan Student Bursary or the Canada Millennium Scholarship Foundation Bursary. In 2004-05, there were 3,333 students who were awarded Millennium bursaries totalling $9,303,500.

The Canada and Saskatchewan Study Grants are available to students with dependent children, with loan assistance exceeding $275 per week of study.

In 2004-05, there were 3,064 students who received $3,912,611 in Canada Study Grants and 1,919 students who received $3,815,874 in Saskatchewan Study Grants.

Remission was available to Special Incentive Students to reduce their debt for the first 60 weeks of study up until the end of the 2004-05 loan year. In 2004-05, there were 70 students who received $157,440 in Remission subsidy. Remission was phased out in the 2004-05 loan year and will no longer be available.

Table 3 below indicates the debt reduction benefits available to Special Incentive Students and Regular Students.

Table 3: Debt Reduction Benefits Available to Students in 2004-2005

Student Group	Student Classification	Debt Reduction Benefits	Maximum Debt Level for the first 170 weeks of post-secondary study*
Students With Dependents	Special Incentive Students • All single parents • Married students who are Non-Status Indian/Métis and/or Northerners	• Saskatchewan Student Bursary/Canada Millennium Scholarship Foundation Bursary • Canada/Saskatchewan Study Grants • Remission	$200 per week of study less any amount of Remission received
	Regular Students • All other married students	• Saskatchewan Student Bursary/Canada Millennium Scholarship Foundation Bursary • Canada/Saskatchewan Study Grants	$200 per week of study
Students Without Dependents	Special Incentive Students • Students who are Non-Status Indian/Métis and/or Northerners	• Saskatchewan Student Bursary/Canada Millennium Scholarship Foundation Bursary • Remission	$200 per week of study less any amount of Remission received
	Regular Students • All other students	• Saskatchewan Student Bursary/Canada Millennium Scholarship Foundation Bursary	$200 per week of study

CSL – Canada Student Loans SSL – Saskatchewan Student Loans

* Beyond 170 weeks (5 university academic years) of study, debt level per week of study will increase as the student will not be eligible for the Saskatchewan Student Bursary. Some students may continue to be eligible for the Canada Millennium Scholarship Foundation Bursary.

Repayment of Student Loans

Students with Canada-Saskatchewan Integrated Student Loans make payment arrangements with the National Student Loans Service Centre. Students with loans issued prior to August 2001 must make arrangements with lenders holding their loans to repay their Canada and Saskatchewan student loans.

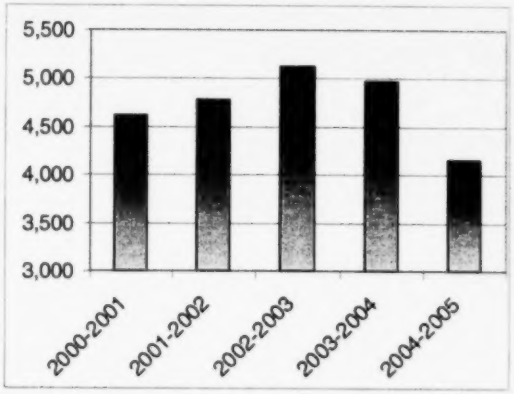
Options are available to students who are unable to meet the repayment terms of their loan agreements. Repayment terms may be revised or interest and repayment relief may be provided through a number of programs.

Debt Management Tools

Debt management tools assist borrowers with the repayment of their loans. When the borrower is unable to meet the terms of the loan agreement or has special circumstances such as a permanent disability, the debt management tools available include Interest Relief, Extended Interest Relief, Debt Reduction in Repayment and the Permanent Disability Benefit.

Interest Relief provides repayment deferral for a maximum of 30 months to borrowers who are having difficulty making their payments due to low income. After exhausting 30 months of Interest Relief and lowering the payments by re-amortizing the loan over 15 years, the borrower may be eligible for up to an additional 24 months of *Extended Interest Relief*. In 2004-05, Interest Relief benefits totalling $661,539 were provided for 4,149 borrowers.

Graph 3:
Number of Borrowers on Interest Relief from 2000-2001 to 2004-2005



Debt Reduction in Repayment is available to individuals who remain in financial difficulty after receiving Interest Relief and Extended Interest Relief. The Canada loan principal may be reduced by $20,000 and the Saskatchewan loan principal may be reduced by $3,000. In 2004-05, a total of $55,150 was paid in reductions to Saskatchewan loan principal for 23 individuals.

Permanent Disability Benefit is available to students who become disabled while in school or within six months after completing their studies. Students may qualify for full forgiveness of their student loans. In 2004-05, 16 students received benefits totalling $47,487.

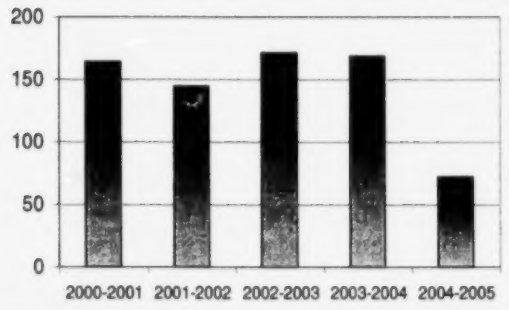
Part-time Student Loans

The Canada Student Loans Program provides interest-bearing loans to part-time students who require assistance to pay for educational expenses such as tuition, books, instruments, transportation, childcare and miscellaneous expenses. The maximum amount of outstanding loan principal allowed is $4,000.

To be eligible, the student must be enrolled in a course of study that is 20% to 59% of a full course load or, if permanently disabled, be taking 20% to 39% of a full course load.

The negotiating process for part-time loans requires students to use one of fifteen postal outlets in Saskatchewan to negotiate their part-time loan. The negotiation process for students involves calling a 1-800 number in order to complete a Student Loan Agreement. The agreement is then taken to the postal outlet at the time of negotiation.

Graph 4:
Part-time Student Loans
from 2000-2001 to 2004-2005



Students must begin making their interest payments on the loan 30 days after receiving the funds. Payments on principal begin after the period of study.

In 2004-05, a total of $369,165 in Canada Student Loans for Part-time Students was authorized to 72 students.

Assistance for Students with Permanent Disabilities

Provisions for Students with Permanent Disabilities

There are a number of provisions for students with permanent disabilities in both the full and part-time student loan programs.

The provisions in the Canada-Saskatchewan Integrated Student Loans program are:

- Students may take between 40% and 59% of a full course load and still be considered a full-time student;
- The satisfactory scholastic standing is defined as successful completion of 40% of a full course load;
- The "normal period of study plus one" limit, which allows students only one additional period of study over the normal length of time a program takes to complete, does not apply; and
- The lifetime limit is 520 weeks of study.

The Canada Part-time Student Loans program allows students with disabilities to be eligible for assistance when taking between 20% and 39% of a full course load.

To qualify as a student with a permanent disability, the student must:

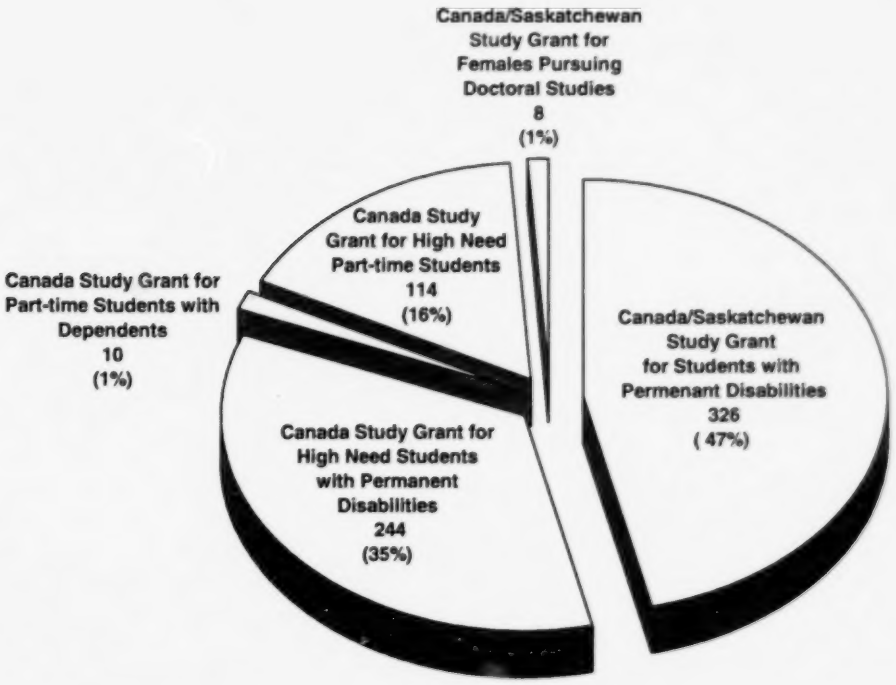
- have a disability of a permanent nature which limits physical or mental ability to perform the daily activities necessary to participate fully in post-secondary studies or in the labour force; and,
- be able to provide proof of the disability along with a completed student loan application.

Canada/Saskatchewan Study Grants

In addition to the Canada and Saskatchewan Study Grants for Students with Dependents, there are five additional study grants. These include: Canada/Saskatchewan Study Grant for Students with Permanent Disabilities, Canada Study Grant for High Need Students with Permanent Disabilities, Canada/Saskatchewan Study Grant for High Need Part-time Students, Canada Study Grants for Part-time Students with Dependents and Canada/Saskatchewan Study Grant for Females Pursuing Doctoral Studies.

In 2004-05, 702 students received $1,988,095 in Canada and/or Saskatchewan Study Grants. The graph below portrays the distribution of students within each of the five study grant categories.

Graph 5: Students Receiving Canada and/or Saskatchewan Study Grants in 2004-05


Canada/Saskatchewan Study Grant for Females Pursuing Doctoral Studies 8 (1%)
Canada Study Grant for High Need Part-time Students 114 (16%)
Canada Study Grant for Part-time Students with Dependents 10 (1%)
Canada/Saskatchewan Study Grant for Students with Permenant Disabilities 326 (47%)
Canada Study Grant for High Need Students with Permanent Disabilities 244 (35%)

Canada/Saskatchewan Study Grant for Students with Permanent Disabilities

This grant provides a maximum of $10,000 per year ($8,000 federal and $2,000 provincial) to Saskatchewan students to cover exceptional expenses directly related to the student's permanent disabilities.

To be eligible, a student must:

- be permanently disabled and provide proof of permanent disability;
- be enrolled in post-secondary studies at a designated institution full or part-time;

- have qualified for a student loan and a Canada/Saskatchewan Study Grant for Students with Permanent Disabilities and have been assessed as having need for this assistance under the program criteria; and

- must meet all other student loan eligibility criteria.

In 2004-05, 326 students with permanent disabilities were awarded $1,366,827 in Canada/Saskatchewan Study Grants.

Canada Study Grant for High Need Students with Permanent Disabilities

This program provides grants of up to $2,000 per loan year to full-time or part-time students with permanent disabilities who have demonstrated need in excess of the maximum levels of student loan assistance.

In 2004-05, 244 students with permanent disabilities were awarded $380,368 in Canada Study Grants.

Canada/Saskatchewan Study Grant for High Need Part-time Students

This grant for direct educational costs provides a maximum of $2,000 per year ($1,200 federal and $800 provincial) to high need students who are enrolled in part-time studies because they are unable to carry 60% of a full course load for one or more of the following documented reasons:

- They are a single parent, responsible for the primary care of dependent children who are living with the student full-time during the period of study;

- They are responsible for the primary physical and financial care of elderly dependent(s) and/or dependent(s) with a permanent disability requiring supervised care;

- They are a mature student restricted to conditional studies by their school (e.g. maximum 2 courses); or

- They are permanently disabled and are unable to undertake the required course load.

In 2004-05, grants in the amount of $193,381 were awarded to 114 high need part-time students.

Canada Study Grants for Part-time Students with Dependents

This grant is for students who are eligible for a part-time Canada Student Loan and who have dependents. The grant provides a maximum of $40 per week of study for students with one or two children or a maximum of $60 per week of study for students with three or more children.

In 2004-05, 10 grants in the amount of $14,624 were awarded to part-time students with dependents.

Canada/Saskatchewan Study Grant for Females Pursuing Doctoral Studies

The Canada/Saskatchewan Study Grant for Females Pursuing Doctoral Studies provides a maximum of $5,000 per year ($3,000 federal and $2,000 provincial) to female doctoral students studying full-time in non-traditional fields of study. For 2004-05, eight students were awarded a total of $32,895.

Other Awards Administered through the Student Aid Fund

Federal Awards

The Saskatchewan Student Aid Fund is reimbursed by the federal government for these awards.

Table 4: French Minority Language Travel Bursary and Fellowship Bursary in 2004-05

Award	Description of Award	Number of Awards	Total Amount Paid
French Minority Language Travel Bursary	These bursaries are intended to enable French minority language students, who cannot pursue their post-secondary studies in their own language in Saskatchewan, to study elsewhere in Canada. The bursary includes the cost of one economy round trip per semester of full-time studies from the student's place of residence to the post-secondary institution chosen.	64	$41,600
French Fellowship/ Bursaries for French Language Bachelor of Education Students	These fellowships/bursaries provide Anglophone post-secondary students with an opportunity for immersion in a French milieu and encourage Francophones to pursue their post-secondary studies in French, in disciplines that are not offered within Saskatchewan.	265	$251,750

The French Fellowship/Bursaries for French Language Bachelor of Education Students provides:

- Fellowships, to a maximum of $1,000 per semester, available to students registered in approved programs in French at a Saskatchewan university or outside Saskatchewan if the programs are not available in French in the province.
- Bursaries, to a maximum of $2,000 per semester, available to students enrolled in:
  - the medicine program for Francophones in a Francophone or bilingual Canadian post-secondary institution;
  - the French Language Bachelor of Education Program at the University of Regina; or
  - the Bachelor of Education After Degree (BEAD) program at the University of Regina.

Scholarships

A variety of other awards for post-secondary students are funded through the Saskatchewan Student Aid Fund.

Table 5: Scholarships in 2004-05

Name of Scholarship	Description	Recipients
Centennial Merit Scholarships	This scholarship targets top students from Saskatchewan high schools and enhances the ability of institutions to attract and retain high-calibre students. The funding is paid to institutions responsible for its administration. Total funding amounts to $500,000. ***Distribution of Funding is as follows:*** Universities and Federated Colleges ($200,000 University of Saskatchewan, $150,000 University of Regina), Saskatchewan Institute of Applied Science & Technology (SIAST) $125,000, Regional Colleges and Dumont Technical Institute $25,000.	Determined by the institutions.
Queen Elizabeth II Scholarship in Parliamentary Studies	The Queen and Duke of Edinburgh announced this scholarship during their October 1987 visit. One $10,000 scholarship is awarded annually for graduate or post-graduate study of Saskatchewan politics and government at either of Saskatchewan's universities. The 2004-2005 loan year was the first in which two individuals were awarded $10,000 scholarships.	2
D.R. Simmons Memorial Scholarships	There are two scholarships of $500 available annually to graduating Grade 12 Saskatchewan students of First Nations or Métis ancestry who are continuing studies at the post-secondary level.	0
James Dickson Scholarship	This $500 scholarship is available annually to a graduating Grade 12 Saskatchewan student of black ancestry. If no award is made during one year, two awards may be made during the following year.	0
Doreen Kronick Matching Scholarship	This $500 scholarship is available in Canada each year to recognize the scholastic achievement of a full or part-time graduate student studying in an area that will enable the student to help individuals with learning disabilities. The department will award an additional $500 if the recipient is a Saskatchewan resident attending a Saskatchewan university.	0

Statistical Summary of Saskatchewan Student Assistance Program Activity

Full-Time Loans

Table 6
Canada Student Loans

Fiscal Year	Number of Loans	Amount Authorized*
2004-2005	16,150	$71,322,970
2003-2004	16,474	$71,861,183
2002-2003	15,702	$68,830,806
2001-2002	16,366	$72,101,006
2000-2001	16,664	$72,754,100

** Authorized Loans are loans that are approved for courses starting within the fiscal year indicated, whether or not the monies were paid out in that fiscal year*

Table 7
Saskatchewan Student Loans

Fiscal Year	Number of Loans	Amount Authorized*
2004-2005	16,151	$60,011,226
2003-2004	16,449	$59,731,633
2002-2003	15,663	$56,586,020
2001-2002	16,271	$59,258,709
2000-2001	16,566	$59,780,831

** Authorized Loans are loans that are approved for courses starting within the fiscal year indicated, whether or not the monies were paid out in that fiscal year*

Debt Reduction Benefits

Table 8
Saskatchewan Student Bursary

Fiscal Year	Number of Bursaries	Amount Paid
2004-2005	8,710	$14,417,176
2003-2004	9,575	$14,100,176
2002-2003	9,888	$20,192,917
2001-2002	9,703	$19,018,159
2000-2001	9,525	$17,275,610

Table 9
Canada Study Grants

Fiscal Year	Number of Grants	Amount Paid
2004-2005	3,064	$3,912,611
2003-2004	3,446	$4,018,728
2002-2003	3,036	$4,210,762
2001-2002	3,000	$4,139,584
2000-2001	3,231	$4,215,255

Table 10
Saskatchewan Study Grants

Fiscal Year	Number of Grants	Amount Paid
2004-2005	1,919	$3,815,874
2003-2004	2,165	$3,815,698
2002-2003	2,023	$3,970,118
2001-2002	1,955	$3,855,976
2000-2001	2,166	$3,996,882

Debt Reduction Benefits

Table 11
Remission Approvals on Saskatchewan Student Loans

Fiscal Year	Number of Loans	Amount Approved
2004-2005	70	$157,440
2003-2004*	1,191	$2,784,345
2002-2003*	282	$581,499
2001-2002*	867	$1,857,041
2000-2001*	959	$1,985,984

**The benefit is applied first against the Saskatchewan loan debt, and in cases where funds remain, is applied to the Canada loan debt.*

Table 12
Loan Forgiveness Approvals on Saskatchewan Student Loans

Fiscal Year	Number of Loans	Amount Approved
2004-2005	4	$4,871
2003-2004	25	$102,244
2002-2003*	19	$67,980
2001-2002*	52	$195,496
2000-2001*	105	$392,063

**Approvals for courses starting prior to August 1,1998*

Table 13
Canada Millennium Scholarship Foundation Bursary

Fiscal Year	Number of Bursaries	Amount Paid
2004-2005	3,333	$9,303,500
2003-2004	2,998	$9,298,500
2002-2003	3,507	$9,793,000
2001-2002	3,616	$9,778,500
2000-2001	3,753	$9,772,000

Debt Management Tools

Table 14
Interest Relief

Fiscal Year	Number of Borrowers	Total Amount Awarded
2004-2005	4,149	$661,539
2003-2004	4,975	$685,399
2002-2003	5,121	$651,033
2001-2002	4,784	$568,000
2000-2001	4,613	$631,516

Table 15
Debt Reduction in Repayment*

Fiscal Year	Number of Borrowers	Total Amount Awarded
2004-2005	23	$55,150
2003-2004	9	$25,404
2002-2003	7	$11,057
2001-2002	0	$0

**Debt Reduction in Repayment was introduced in 2001-2002*

Table 16
Permanent Disability Benefit

Fiscal Year	Number of Borrowers	Total Amount Awarded
2004-2005	16	$47,487
2003-2004	26	$146,302
2002-2003	6	$40,460
2001-2002*	96	$723,514

** The Permanent Disability Benefit was introduced in 2001-2002. Saskatchewan approved cumulative benefits for students who had previously received the federal benefit.*

Part-time Loans

Table 17
Canada Part-time Student Loans Program

Fiscal Year	Number of Loans	Amount Authorized
2004-2005	72	$369,165
2003-2004	169	$265,285
2002-2003	171	$351,497
2001-2002	145	$218,995
2000-2001	164	$264,675

Canada/Saskatchewan Study Grants

Table 18
Canada/Saskatchewan Study Grants for Students with Permanent Disabilities

Fiscal Year	*Number of Grants*	*Amount Paid*
2004-2005	326	$1,366,827
2003-2004	232	$1,019,956
2002-2003	206	$837,260
2001-2002	212	$798,555
2000-2001	198	$853,896

Table 19
Canada Study Grant for High Need Students with Permanent Disabilities *

Fiscal Year	*Number of Grants*	*Amount Paid*
2004-2005	244	$380,368
2003-2004	154	$249,449
2002-2003	79	$117,088

** The Canada Study Grant program for High Need Students with Permanent Disabilities was introduced in 2002-2003*

Table 20
Canada Study Grant for Part-time Students with Dependents

Fiscal Year	*Number of Grants*	*Amount Paid*
2004-2005	10	$14,624
2003-2004	13	$19,476
2002-2003	4	$4,598

Table 21
Canada Study Grant for High Need Part-time Students

Fiscal Year	*Number of Grants*	*Amount Paid*
2004-2005	114	$193,381
2003-2004	119	$208,215
2002-2003	160	$273,891
2001-2002	296	$447,196
2000-2001	291	$454,698

Table 22
Canada/Saskatchewan Study Grant for Females Pursuing Doctoral Studies

Fiscal Year	*Number of Grants*	*Amount Paid*
2004-2005	8	$32,895
2003-2004	6	$32,846
2002-2003	6	$29,869
2001-2002	8	$33,044
2000-2001	8	$35,133

Other Awards

Table 23
Other Awards

Award	Fiscal Year	Number of Awards	Amount Paid
Centennial Merit Scholarship *	2004-2005	Determined by institution	$503,000
	2003-2004		$499,500
	2002-2003		$500,000
	2001-2002		$505,675
Federal French Language Awards	2004-2005	329	$293,350
	2003-2004	276	$198,550
	2002-2003	284	$189,650
	2001-2002	280	$183,050
	2000-2001	275	$190,300
Queen Elizabeth II Scholarship in Parliamentary Studies	2004-2005	2	$20,000
	2003-2004	1	$10,000
	2002-2003	1	$10,000
	2001-2002	0	$0
	2000-2001	1	$10,000

**The Centennial Merit Scholarship program was introduced in 2001-2002*

Loan Receivables and Repayments

Table 24 Total Amount of Saskatchewan Student Aid Fund Loans Receivable As at March 31, of Each Fiscal Year*	
Fiscal Year	***Amount***
2004-2005	$72,677,333
2003-2004	$56,445,339
2002-2003	$40,115,216
2001-2002	$25,540,153
2000-2001	$2,917,256

Table 25 Saskatchewan Student Loan Repayments Received by the Saskatchewan Student Aid Fund*	
Fiscal Year	***Amount Paid***
2004-2005	$7,299,464
2003-2004	$4,623,077
2002-2003	$2,725,275
2001-2002	$2,170,337
2000-2001	$2,757,043

Table 26 Balance of Loans at the Royal Bank of Canada that have not entered Repayment**	
Fiscal Year	***Loan Balance***
2004-2005	$11,215,814
2003-2004	$17,007,553
2002-2003	$26,361,364
2001-2002	$42,992,375
2000-2001	$87,270,646

* *Lender-financed Saskatchewan Student Loans for courses starting August 1, 1996 to July 31, 2001 were negotiated and repaid to the Royal Bank under the Saskatchewan Student Loan Assignment Agreement. Effective August 1, 2001, the province became the direct lender of Saskatchewan Student Loans.*

** *Lender-financed Saskatchewan Student Loans for courses starting August 1, 1996 to July 31, 2001 were negotiated and repaid to the Royal Bank under the Saskatchewan Student Loan Assignment Agreement.*

Provincial Auditor Saskatchewan

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SASKATCHEWAN

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Student Aid Fund as at March 31, 2005 and the statements of revenue, expenditure and net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 24, 2005

Fred Wendel, CMA, CA
Provincial Auditor

Management's Responsibility for Financial Statements

The accompanying financial statements included in the 2004-05 Saskatchewan Student Aid Fund Annual Report are the responsibility of the Student Financial Assistance Branch, Saskatchewan Learning. The Branch has prepared these financial statements in accordance with Canadian generally accepted accounting principles. The financial information presented elsewhere in this annual report is consistent with that in the financial statements.

Brady Salloum

Regina, Saskatchewan
July 28, 2005

Brady Salloum
Executive Director
Student Financial Assistance Branch
Saskatchewan Learning

Saskatchewan Student Aid Fund
Statement of Financial Position
As at March 31

	2005	2004
Financial Assets		
Financial Assets:		
Due from General Revenue Fund (Note 8)	$ 44,561,850	$ 40,128,833
Accrued Interest (Note 8)	129,210	157,790
Other Receivables	1,028,130	2,377,061
Student Loans Receivable (Note 7)	72,677,333	56,445,339
Total Financial Assets	$ 118,396,523	$ 99,109,023
Liabilities and Net Financial Assets		
Liabilities:		
General Revenue Fund Interest Payable	$ 802,342	$ 710,731
General Revenue Fund Loan (Note 9)	97,420,753	83,239,602
Due to Royal Bank of Canada (Note 5)	3,414,662	6,688,310
Bursaries and Study Grants Payable (Note 6)	1,101,689	1,624,857
Deferred Revenue - Canada Study Grant	416,931	---
Other Accounts Payable	229,859	307,012
Total Liabilities	$ 103,386,236	$ 92,570,512
Net Financial Assets (Statement 2)	15,010,287	6,538,511
	$ 118,396,523	$ 99,109,023

(See accompanying notes to financial statements)

Saskatchewan Student Aid Fund
Statement of Revenue, Expenditure and Net Financial Assets
For the Year Ended March 31

	Budget	Actual 2005	Actual 2004
Revenue:			
Appropriation from General Revenue Fund	$ 35,616,000	$ 32,216,000	$ 30,520,000
Grant – Federal Canada Study	5,792,000	5,776,864	5,521,767
Interest Payments from General Revenue Fund	700,000	646,477	963,828
Interest on Student Loans	2,300,000	2,984,938	1,966,891
Loan Discount Amortization	3,300,000	3,213,458	2,641,658
Recovery of Bad Debt	---	335,117	352,498
Other Income	150,000	342,065	293,025
	47,858,000	45,514,919	42,259,667
Expenditure:			
Loan Forgiveness Grants	$ ---	$ (1,095,874)	$ 97,865
Saskatchewan Student Bursaries	19,345,000	14,697,213	15,694,847
Saskatchewan Study Grants	4,620,000	4,719,009	3,948,358
Canada Study Grants – Students with Dependents	4,792,000	3,910,270	4,106,685
Federal Canada Study Grants – Other	1,000,000	1,866,593	1,415,082
Provincial Canada Study Grants - Other	200,000	121,501	114,860
Special Incentive Loan Remissions	1,200,000	(1,117,721)	2,252,680
Risk Premium	---	(214,257)	(259,923)
Loan Guarantee	---	(15,822)	(5,442)
Debt Reduction in Repayment	65,000	66,603	62,408
Permanent Disability/Death Benefit	100,000	164,503	525,399
Interest Relief Grants	725,000	753,124	574,115
Class A Interest – Royal Bank Loans	---	15,362	(910,109)
Bad Debt Expense	5,600,000	5,057,516	4,709,567
Interest Grants to Students	4,250,000	3,062,348	3,258,749
Interest on General Revenue Fund Loan	3,850,000	3,284,932	2,735,587
Collection Costs	300,000	45,107	60,998
Service Provider Costs	1,150,000	918,239	811,280
Interest Payments - Medical Students	---	(353)	25,049
Bursaries and Scholarships	661,000	804,850	712,550
	47,858,000	37,043,143	39,930,605
Increase in Net Financial Assets for the Year	$ ---	$ 8,471,776	$ 2,329,062
Net Financial Assets, Beginning of Year	6,538,511	6,538,511	4,209,449
Net Financial Assets, End of Year to Statement 1	$ 6,538,511	$ 15,010,287	$ 6,538,511

(See accompanying notes to financial statements)

Saskatchewan Student Aid Fund
Statement of Cash Flows
For the Year Ended March 31

	2005	2004
Cash Provided by (used in) Operating Activities:		
Excess of Revenue over Expenditure	$ 8,471,776	$ 2,329,062
Change in Non-Cash Working Capital Items:		
Decrease in Accrued Interest	28,580	88,593
Decrease (Increase) in Other Receivables	1,348,931	(483,633)
(Increase) in Student Loans Receivable	(16,231,994)	(16,330,123)
Increase in General Revenue Fund Interest Payable	91,611	126,270
(Decrease) Due to Royal Bank of Canada	(3,273,648)	(2,953,153)
(Decrease) in Bursaries and Grants Payable	(523,168)	(1,119,754)
Increase in Deferred Revenue – Canada Study Grant	416,931	---
(Decrease) in Other Accounts Payable	(77,153)	(179,669)
Net Change in Non-Cash Working Capital Items	$ (18,219,910)	$ (20,851,469)
Financing Activities:		
Increase (Decrease) in General Revenue Fund Loan Payable	$ 14,181,151	$ (3,000,000)
Net Change in Financing Activities	$ 14,181,151	$ (3,000,000)
Net Increase (Decrease) in Due from General Revenue Fund	4,433,017	(21,522,407)
Due from General Revenue Fund, Beginning of Year	40,128,833	61,651,240
Due from General Revenue Fund, End of Year	$ 44,561,850	$ 40,128,833

(See accompanying notes to financial statements)

Saskatchewan Student Aid Fund Notes to the Financial Statements March 31, 2005

1. Authority

The Saskatchewan Student Aid Fund (the Fund) operates under the authority of *The Student Assistance and Student Aid Fund Act, 1985*. The primary purpose of the Fund is to support the Saskatchewan Student Assistance Program. The Trustees of the Student Aid Fund administer the Fund and the Saskatchewan Student Assistance Program.

2. Description of the Program

Under the terms of the Saskatchewan Student Assistance Program, student loans are provided to qualifying individuals based on a determination of need. Loans are interest-free while the student is in full time studies and for a maximum of six months between periods of study. They become repayable on the first day of the seventh month following discontinuance of studies or graduation, however, interest begins to accrue on the first day of the first month following discontinuance of studies or graduation.

There are five debt reduction benefits offered through the Fund:

- The Saskatchewan Student Bursary provides a bursary to all students with a need over $200 per week up to $275 per week in the borrower's first 170 weeks of post-secondary study ever taken.

- The Canada/Saskatchewan Study Grants provide grants to students with dependants to cover their need between $275 per week and $400 per week.

- A Remission benefit for Special Incentive Students provides a maximum of $200 per week of study for the first 60 weeks of post-secondary schooling ever taken. Effective for the 2004-05 loan year, the maximum Remission benefit for first time student loan recipients is $35 per week of study.

- Debt Reduction in Repayment provides a one-time reduction of student loan payable to a maximum of $3,000 for borrowers who have been granted the maximum allowable interest relief benefits available and who have been out of school for 60 months but continue to experience financial hardship.

- A provision for borrowers with Permanent Disabilities provides loan forgiveness to borrowers who suffer from a permanent disability that impairs the borrower's ability to repay their loan. The permanent disability must have been sustained while in a period of study or before the first day of the seventh month after the borrower ceases to be a full-time student.

Saskatchewan Student Bursaries and Canada/Saskatchewan Study Grants are granted to all borrowers who meet the requirements specified by the Saskatchewan Student Assistance Program Administrative Guidelines.

The Special Incentive Loan Remission program is being phased out. Whereas previously a loan remission could be used to offset Canada Student Loans, in the 2004/05 loan year, benefits for first time loan recipients are limited to the amount required to offset their Saskatchewan student loan. The program will be completely eliminated for the 2005/06 loan year.

In addition to debt reduction benefits, the Fund provides further debt management assistance to students through the Interest Relief and Extended Interest Relief programs. These programs provide repayment deferral to eligible students for a maximum of 54 months.

In May 1999, the Province of Saskatchewan signed a ten year agreement with the Canada Millennium Scholarship Foundation. For the 2004/05 loan year, this agreement will provide approximately $9,300,000 in millennium bursaries to approximately 3,300 Saskatchewan post-secondary students. Millennium bursaries are applied against student loan balances.

Prior to August 1, 1996, the Province provided funding for student loans, and all loan administration was undertaken by staff of the Department. Under a Risk Sharing Student Loans Agreement (the Agreement) signed between the Department and Royal Bank of Canada on March 12, 1996, Royal Bank became the financier of student loans and assumed responsibility for the disbursement, management and collection of student loans. The Department retained responsibility for loan approval. The Agreement covered loans approved between August 1, 1996 and July 31, 2001. As part of the Agreement, students who had previously received provincially funded loans and who were still in school, had their loan balances transferred to Royal Bank when the Department approved their new Royal Bank loans.

The Department negotiated an additional agreement with Royal Bank to transfer to Royal Bank substantially all of the loans held by the Fund. This agreement came into effect on October 1, 1997 and remained in force until December 31, 1999. Borrowers who had their loans transferred to Royal Bank retain the rights associated with their loans (i.e. interest rate, repayment term and interest relief eligibility). Loans held by Royal Bank are eligible for all of the debt reduction benefits of the Saskatchewan Student Assistance Program.

In addition to debt reduction benefits to be applied against borrower loans as described above, the Fund pays to Royal Bank costs associated with maintaining lender financed loans in interest-free status while students are in school, interest relief benefits granted to borrowers experiencing financial hardship in the repayment of their loans, and a 5% risk premium upon consolidation of individual student loans.

On June 19th, 2001, the Province entered into an agreement with the Government of Canada to integrate the delivery and administration of Canada and Saskatchewan student loans. The Canada-Saskatchewan Integration Agreement for the Harmonization and Administration of Federal and Provincial Student Loans Programs became effective August 1, 2001. In conjunction with the agreement, the Department provides loan authorization for both Saskatchewan and Canada student loans, and the Province is re-established as the financier of Saskatchewan student loans. On behalf of the Department and the Government of Canada, two external agencies manage the disbursement, administration and repayment of integrated student loans. On behalf of the Province, Human Resources and Skills Development Canada (HRSDC) is responsible for the collection of bankrupt and defaulted loans.

Student benefits associated with the Saskatchewan Student Assistance Program as described above are applicable to Canada/Saskatchewan integrated loans.

3. Significant Accounting Policies

The financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant.

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Measurement uncertainty impacts Due to Royal Bank of Canada (Note 5), Bursaries and Grants Payable (Note 6) and Student Loans Receivable (Note 7).

c) Student Loans Receivable

Student loans are carried at the amount advanced plus accrued interest. Simple interest is charged on loans following the interest-free in school period. Payments on loans are first applied to interest, then to outstanding principal.

For loans held by the Fund, allowances are deducted from loans receivable for the following:

i) estimated uncollectable loans due to default on repayment, based on past collection experience;
ii) the amount of concessionary grant associated with holding student loans in interest-free status; and
iii) estimated debt reduction benefits.

4. Loans Held by the Student Aid Fund

Loans held by the Fund consist of amounts owing by borrowers for loans granted prior to the Canada-Saskatchewan Integration Agreement (2005 - $3,483,674; 2004 – $3,809,524), and subsequent to the integration agreement (2005 - $119,285,050; 2004 - $95,634,023).

The Fund is exposed to credit-related losses in the event that borrowers default on repayment of their student loans. Credit risk represents the maximum amount at risk if the borrowers defaulted on their repayments. The Fund's credit risk on student loans receivable is represented by Gross Student Loans Receivable, end of year in Note 7.

The recorded allowance for uncollectable loans for loans issued for courses starting prior to August 1, 2001 is $2,578,024 (2004 - $2,590,432). This allowance could reasonably be expected to fluctuate between $2,469,000 and $2,684,000 within the next twelve months (2004 - $1,967,000 and $2,291,000).

The recorded allowance for uncollectable loans for loans issued for courses starting subsequent to July 31, 2001 is $19,197,549 (2004 - $14,096,888). Variability on the recorded allowance is approximately $960,000 per 1% change in estimated default rate (2004 - $705,000 per 1% change).

Loans in repayment are subject to interest rate risk related to repayment terms. The current portfolio of loans in repayment have effective interest rates of 5.00% to 12.00% (2004 - 5.00% to 12.00%). Under *The Student Assistance and Student Aid Fund Regulations, 2001* the Minister charges interest rates as set pursuant to the *Canada Student Loans Act.*

There are two methods that have been used by the Minister to determine interest rates. Firstly, each year in August, the Federal government sets the interest rates to be charged for students graduating during the next 12 months. This rate is based on average open market yield for the previous 6 months on mid-term (5-10 years) Government of Canada bonds plus 1%. Rates determined in this manner have applicability to loans issued prior to the Royal Bank agreement.

For loans issued under the Canada-Saskatchewan integration agreement, interest rates are set at the option of the student either at prime plus 2.5% (floating rate) or prime plus 5.0% (fixed rate) at the time of loan consolidation.

Interest rates for consolidated loans are as follows:

Interest Rate	2005 Total Balance	2004 Total Balance
Less than 8.0%	$39,599,367	$22,660,998
8.0%-8.9%	1,255,870	1,420,211
9.0%-9.9%	1,176,423	1,265,633
10.0%-10.9%	49,700	80,595
11.0% or greater	88,496	120,464
Loans Consolidated (Note 7)	$42,169,856	$25,547,901

The fair value and repayment period of loans receivable have not been disclosed because it is not practicable to determine the loan repayments with sufficient reliability. There are a number of factors needed to estimate the timing and the amount of loan repayments. These factors include the Fund's historical experience, applications for interest relief, debt reduction, economic conditions, and the necessity to rely on the actions of a large number of individuals.

5. Due to Royal Bank of Canada

The Fund estimates amounts due to Royal Bank. Estimation is a factor in the following:

Class A Interest Accrual

Interest accruing on student loans is not paid by the borrower as long as the borrower is in school. The Fund pays this interest to Royal Bank. The interest accrual is an estimate, based on the current loan receivable balance of students in school, the projected time that students will remain in school, and the projected market rate of interest. In 2005, the estimated projected market rate of interest is 4.71% (2004 – 4.55%). It is reasonable to expect this interest rate to fluctuate between 4.46% and 4.96% over the next 12 months (2004 – 4.30% to 4.80%).

Interest Relief Accrual

Interest relief is paid to the bank at the lender prime rate of interest in effect at the time the borrower applies for relief. It is estimated that the interest relief accrual will be paid to the bank on behalf of applicants over an eleven-year period, and at the projected market rate.

Risk Premium Accrual

A risk premium equal to 5% of borrowers' outstanding loan balance is paid to the bank at the time each student loan becomes repayable. The accrual is an estimate of future risk premiums associated with loans of borrowers currently in school who have not previously consolidated their student loans.

This estimate is calculated after considering potential debt reduction benefits, and the capitalization of student loan interest at the time of consolidation.

Loan Guarantee Accrual

The Fund guarantees loans in the event of death or bankruptcy of the borrower if the event occurs prior to loan consolidation. The amount paid to the bank is equal to the loan balance outstanding on the date of death or bankruptcy. The accrual is an estimate of future costs based on historical trends.

Permanent Disability Accrual

The Permanent Disability benefit provides loan forgiveness to borrowers who become permanently disabled while in a period of study or before the first day of the seventh month after the borrower ceases to be a full-time student. The accrual is an estimate of future costs based on historical utilization.

Debt Reduction in Repayment

This benefit provides a one-time reduction in student loan payable to a maximum of $3,000 for borrowers experiencing financial hardship. The accrual is an estimate of future costs based on actuarial estimates.

These accruals could reasonably be expected to fluctuate within the next twelve months as follows:

	2005		2004 Actual
	Actual	Range of Accruals	
Class A Interest Loans Accrual	$834,197	$794,000 to $875,000	$1,219,859
Interest Relief Accrual	1,834,423	1,178,000 to 2,494,000	2,107,255
Risk Premium Accrual	355,145	n/a	719,958
Special Incentive Loan Remission Accrual	---	n/a	1,011,908
Loan Forgiveness Accrual	---	n/a	1,100,745
Loan Guarantee Accrual	97,626	n/a	150,963
Permanent Disability Accrual	147,308	115,000 to 180,000	189,213
Debt Reduction in Repayment Accrual	135,619	103,000 to 168,000	174,199
	$3,404,318		$6,674,100
Saskatchewan Student Bursaries	5,593	n/a	8,582
Canada Study Grants	1,522	n/a	1,942
Saskatchewan Study Grants	3,229	n/a	3,686
Due to Royal Bank of Canada	**$3,414,662**		**$6,688,310**

6. Bursaries and Study Grants Payable

Bursaries and Study Grants Payable represents benefits earned by students which are most likely to be applied against Canada Student Loan balances.

Included in Bursaries and Study Grants Payable is $1,075,994 (2004 - $1,493,876) in Special Incentive Loan Remissions. In calculating the Loan Remission accrual, estimates of the percent of students that will qualify for the benefit are used. The percentage used in this fiscal year is 55.58% (2004 – 57.25%). The variability in the accrual is approximately $18,000 (2004 - $47,000) for every 1% change in the qualifying percentage.

7. Student Loans Receivable

		2005	2004
	Loans outstanding, beginning of year	$99,443,547	$75,540,959
Add:	New loans during the year	58,787,030	60,715,223
	Recognition of Royal Bank Buybacks	---	498,361
	Interest earned on student loans	3,005,617	1,946,825
Deduct:	Loan repayments net of payments on written off accounts	(6,964,347)	(4,270,579)
	Amounts authorized to reduce loans	(31,503,121)	(33,445,783)
	Loans written off	---	(1,541,459)
	Gross student loans receivable, end of year *	$122,768,726	$99,443,547
Deduct:	Allowance for interest relief	(2,381,524)	(2,018,567)
	Allowance for Debt Reduction in Repayment	(207,682)	(157,649)
	Allowance for Permanent Disability/Death Benefit	(706,715)	(538,807)
	Interest Grants to Students	(4,744,646)	(4,895,756)
	Canada Study Grants Payable	(2,747,251)	(2,727,148)
	Saskatchewan Study Grants Payable	(2,933,859)	(2,010,636)
	Student Bursaries Payable	(12,141,859)	(11,674,236)
	Remission	(2,452,284)	(2,288,089)
	Allowances estimated on prior year's experience:		
	Allowance for uncollectible loans before recovery	(21,775,573)	(16,687,320)
	Student loans receivable, end of year	$72,677,333	$56,445,339

*** Includes Consolidated Loans of $42,169,856 (2004 - $25,547,901)**

Interest Grants to Students

Interest Grants to Students gives recognition to the benefit afforded students by holding provincially funded loans in interest-free status while they are in school. The amount of estimated benefit is considered to be a "concessionary grant" and is offset against the Student Loans Receivable balance. The allowance was calculated assuming that students remain in school for an average of three years, and applying the provincial government eight year borrowing rate which averaged 4.79% in 2005 (2004 – 4.91%).

Provisions for Other Student Benefits

In addition to the Allowances for Uncollectable Loans and Interest Grants to Students, Student Loans Receivable are offset by Saskatchewan Student Bursaries Payable, Canada Study Grants Payable, Saskatchewan Study Grants Payable, and accruals for Interest Relief ($2,381,524), Remission ($2,452,284), Debt Reduction in Repayment ($207,682) and a Provision for Permanent Disability/Death Benefit ($706,715). Estimation is involved in the accruals established for Interest Relief, Remission, Debt Reduction in Repayment and the Provision for Permanent Disability/Death Benefit.

For loans issued under the Canada/Saskatchewan integration agreement the interest relief accrual ($2,338,440) was calculated using an estimated interest rate of 7.49% (2004 – 7.81%). For every plus or minus .50% change in interest rate estimate, the variability in interest relief accrual is approximately $175,000 (2004 - $134,000). In calculating the Remission accrual, estimates of the percent of students that will qualify for the benefit are used. The percentage used in this fiscal year is 55.58% (2004 – 57.25%). The variability in the accrual is approximately $42,000 (2004 - $73,000) for every 1% change in the qualifying percentage. Variability for Debt Reduction in Repayment and Provision for Borrowers with Permanent Disability is not material to these statements.

Saskatchewan Student Bursaries and Saskatchewan Study Grants have been reduced by approximately $6,546,000 (2004 - $7,145,000), which is a portion of the approximate $9,300,000 received from the Canada Millennium Scholarship Foundation.

8. Due from General Revenue Fund

The Fund's bank accounts are included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

The Fund's earned interest is calculated and paid quarterly by the General Revenue Fund to the Fund using the General Revenue Fund's thirty day borrowing rate and the Fund's average daily bank account balances.

Included in this amount is $24,300 of restricted funds used for scholarships.

9. General Revenue Fund Loan

Effective August 1, 2001, the Province assumed responsibility for the financing of student loans. A loan from the General Revenue Fund is provided to the Student Aid Fund to support this role.

The interest rate charged on the General Revenue Fund Loan is at the Province's eight year cost of borrowing. The Province's average eight year cost of borrowing rate for 2005 was 4.79% (2004 – 4.91%). Under the terms of the loan agreement, the Student Aid Fund makes quarterly loan payments to the General Revenue Fund. The dollar amount of required loan payment is calculated as the sum of debt reduction benefits applied against student loans, the principal portion of student payments and accounts written off.

10. Fair Values

Due from General Revenue Fund, accrued interest, other receivables, General Revenue Fund interest payable, and deferred revenue are all short-term in nature and as such their fair value approximates carrying value.

The student loans receivable, General Revenue Fund loan, due to Royal Bank of Canada, and bursaries and study grants payable are long-term in nature and there is no market for selling or settling these assets or liabilities. Therefore, the determination of the fair value of these assets and liabilities is not practicable.

11. Related Party Transactions

In accordance with established government practice, all administrative and occupancy costs are paid by the Department of Learning - General Revenue Fund. Accordingly, no provision for these costs is reflected in these financial statements. Costs paid to other government agencies for loan collection services are paid by the Fund. Other related party transactions are disclosed separately in these financial statements.

12. Millennium Trust

On May 7, 1999 the Province and the Canada Millennium Scholarship Foundation entered into a ten-year agreement for the administration of General Awards provided to students by the Canada Millennium Scholarship Foundation. Under the agreement, the Province is to receive "in trust monies" to be paid to qualifying students and is responsible to ensure that the funds are properly disbursed.

Millennium funds are allocated to each Province based on the Province's share of the population of Canada. For the 2004-05 loan year, Saskatchewan's allocation of Canada Millennium Scholarship General Awards was $9,297,500. This amount is reflected in the Foundation's March, 2005 approval of qualifying students as provided to the Foundation by the Student Financial Assistance Branch.

At March 31, 2005 net assets held on behalf of the Canada Millennium Scholarship foundation by the Student Aid Fund were $9,310,617.

13. Comparative Figures

Certain of the 2004 financial statement disclosures have been reclassified to conform with presentation of the 2005 figures.